



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Montana State Office
5001 Southgate Drive
Billings, Montana 59101-4669
<http://www.mt.blm.gov/>

In Reply To:
MTM 95507

Notice of Competitive Oil and Gas Lease Sale

May 31, 2006

The Montana State Office is holding a competitive oral sale of Federal lands in the States of Montana, North Dakota and South Dakota for oil and gas leasing. We are attaching a list that includes the parcel numbers, legal land descriptions and corresponding stipulations. The list is available on the Internet at: <http://www.mt.blm.gov/oilgas>.

The following is a link to a State of Montana website that you can use to determine the surface ownership for any parcels advertised on this list in Montana: <http://gis.mt.gov/>.

Internet site www.ndrin.com has available, for a fee, real estate records for the majority of the counties in North Dakota. Go to "Land Records" and in the second paragraph, select "click here" to see the list of participating counties.

When and where will the sale take place?

When: The competitive sale begins at 9:00 a.m. on Wednesday, May 31, 2006. The sale room opens at 8:00 a.m. for registration and assignment of bidder numbers.

Where: We will hold the sale at the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings, Montana. Parking is available.

Access: The sale room is accessible to persons with disabilities. If you need a sign language interpreter or materials in an alternate format, please tell us no later than one week before the sale. You may contact Elaine Kaufman at (406) 896-5108 or Joan Seibert at (406) 896-5093.

How do I register as a bidder?

Before the sale starts, you must complete a bidder registration form to obtain a bidding number. The forms are available at the registration desk.

May I participate in a competitive oil and gas lease sale if my acreage holdings exceed the acreage limitations provided under 43 CFR 3101.2?

No. Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain lands and 246,080 acres of acquired lands (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. The Energy Policy Act of 2005, effective August 8, 2005, provides that your acreage holdings in the following leases are not chargeable: leases committed to a federally-approved unit agreement, cooperative plan, or communitization agreement, or for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year. The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by

assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- the auctioneer offers the parcels in the order they are shown on the attached list;
- registered bidders make oral bids on a per-acre basis for all acres in a parcel;
- the winning bid is the highest oral bid equal to or exceeding the minimum \$2.00 bid;
- the decision of the auctioneer is final; and
- names of high bidders (lessees) remain confidential until the results list is available.

If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.48 acres requires a minimum bid of \$202 (101 acres x \$2). If the United States owns less than 100 percent of the oil and gas rights in a parcel, we will issue the lease for the percentage of interest the United States owns. You must calculate your bid and advance rental payment on the gross acreage in the parcel. For example, if the U.S. owns 50 percent of the oil and gas in a 100.48 acre parcel, the minimum bid is \$202 (101 acres x \$2) and the advance rental due is \$151.50 (101 acres x \$1.50).

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw parcels or cancel a sale, we will post a notice in our Public Records and Information Center and announce the withdrawn parcels at the sale.
- **Lease terms:** Leases issue for a primary term of 10 years. They continue beyond the primary term as long as the lease is producing in paying quantities or receiving production from another source. Rental is \$1.50 per acre for the first 5 years (\$2 per acre after that) until production begins. Once a lease is producing, we charge a royalty of 12.5 percent on the production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition).
- **Stipulations:** Some parcels are subject to surface use restrictions or conditions affecting how you conduct operations on the lands. The stipulations become part of the lease and replace any inconsistent provisions of the lease form.
- **Bid form:** On the day of the sale, successful bidders must submit a properly completed lease bid form (Form 3000-2, October 1989 or later edition) along with their payment. The bid form is a legally binding offer to accept a lease and all its terms and conditions. When the prospective lessee or an authorized representative signs the bid form, they certify the lessee meets the conditions of 43 CFR 3102.5-2 and complies with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of bidders, and collusion among bidders. You cannot withdraw your bid.
- **Payment:**
 - **minimum due by 4:00 p.m. on day of sale:**
 - Bonus bid deposit of \$2.00 per acre or fraction thereof;
 - First year's rent of \$1.50 per acre or fraction thereof except for future interest parcels; and
 - \$130 nonrefundable administrative fee
 - **remaining balance due by 4:00 p.m., June 14, 2006**
 - If you don't pay in full by this date, you lose the right to the lease and all the money you paid the day of the sale. We may offer the parcel in a future sale.
- **Method of payment:** You can pay by:
 - personal check;
 - cashier's check;
 - money order; or
 - credit card (Visa, Mastercard, American Express or Discover).

Effective February 1, 2005, BLM will not accept credit card or debit card payments to the Bureau for an amount equal to or greater than \$100,000. We also will not accept aggregated smaller amounts to bypass this requirement. We encourage you to make any payments of \$100,000 or more by automated Clearing House (ACH) or Fed Wire transfer.

Make checks payable to: **Department of the Interior-BLM.** We do not accept cash. If you previously paid us with a check backed by insufficient funds, we will require a guaranteed payment, such as a cashier's check.

- **Lease issuance:** After we receive the bid forms and all monies due, we can issue the lease. The lease effective date is the first day of the month following the month we sign it. We can make the lease effective the first day of the month in which we sign it, if you ask us in writing before we sign the lease.

How can I find out the results of this sale?

We post the sale results in our Public Records and Information Center and the Internet at: <http://www.mt.blm.gov/oilgas>. You can buy a \$5/\$10 printed copy of the results list from the Public Records and Information Center.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a two-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$335 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Public Records and Information Center. We consider these offers simultaneously filed. When a parcel receives more than one filing by 4 p.m. on the day after the sale, we will hold a drawing to determine the winner. Offers filed after this time period, receive priority according to the date and time of filing in this office. *The Noncompetitive drawing will be held on **Friday, June 2, 2006**, at 1:00 p.m. at the MTSO Access Information Center.*

How do I file a noncompetitive pre-sale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive pre-sale offer for lands that:

- are available; and
- have not been under lease during the previous one-year period; or
- have not been in a competitive lease sale within the previous two-year period.

Once we post a competitive sale notice, you cannot file a pre-sale offer for lands shown on the notice.

To file a pre-sale offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$335 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

If we don't receive a bid at the sale for the parcel(s) contained in your pre-sale offer, we will issue the lease. You can withdraw your offer prior to the date we sign your lease. Your pre-sale offer is your consent to the terms and conditions of the lease, including any additional stipulations advertised in the Competitive Sale Notice.

Where can I obtain information pertaining to the individual Forest Service Stipulations?

The applicable Forest Service Environmental Impact Studies (EIS) describe stipulations for parcels located within the administrative boundary of the Forest Service units. The Geographic Information System (GIS) maps of the stipulations may be viewed at the following Forest Service offices:

- The individual District Ranger's Office identified in the stipulation listing included with this sale notice, or
- The individual Forest Supervisor's Office identified in the stipulation listing included with this sale notice, or
- Forest Service, Region One Office, 200 East Broadway, Missoula, Montana.

May I protest BLM's decision to offer the lands in this Notice for lease?

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- We must receive a protest no later than close of business on the 15th calendar day prior to the date of the sale. If our office is not open on the 15th day prior to the date of the sale, a protest received on the next day our office is open to the public will be considered timely filed. The protest must also include any statement of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.
- A protest must state the interest of the protesting party in the matter.
- You may file a protest either by mail in hardcopy form or by telefax. You may not file a protest by electronic mail. A protest filed by fax must be sent to [406] 896-5292. A protest sent to a fax number other than the fax number identified or a protest filed by electronic mail will be dismissed.
- If the party signing the protest is doing so on behalf of an association, partnership or corporation, the signing party must reveal the relationship between them. For example, unless an environmental group authorizes an individual member of its group to act for it, the individual cannot make a protest in the group's name.

If BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?

We will announce receipt of any protests at the beginning of the sale. We will also announce a decision to either withdraw the parcel or proceed with offering it at the sale.

If I am the high bidder at the sale for a protested parcel, when will BLM issue my lease?

We will make every effort to decide the protest within 60 days after the sale. We will issue no lease for a protested parcel until the State director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3) you may not withdraw your bid.

If BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will refund your first year's rental, bonus bid and administrative fee. If the decision upholding the protest results in additional stipulation, we will offer you an opportunity to accept or reject the lease with the additional stipulations prior to lease issuance. If you do not accept the additional stipulations, we will reject your bid and we will refund your first year's rental, bonus bid and administrative fee.

If BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes, you may. Note, an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I appeal BLM's decision to deny my protest?

Yes, you may. Note, an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize refund of the bonus bid and rentals and administrative fee if –

- there is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it, and;
- there is no indication of bad faith or other reasons not to refund the rental, bonus bid and administrative fee.

How do I nominate lands for future sales?

- file a letter with this office describing the lands you want put up for sale;
- file a pre-sale offer

Who should I contact if I have a question?

For more information, contact Mary Mack at (406) 896-5090.

When is the next competitive oil and gas lease sale scheduled in Montana?

We are tentatively holding our next competitive sale on July 31, 2006.

Karen L. Johnson, Chief
Fluids Adjudication Section

OFFICIAL POSTING DATE MUST BE ON OR BEFORE April 14, 2006

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

PUBLIC NOTICE

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted in the Montana State Office Public Room until the first business day following the completion of the sale will be rejected as unavailable for filing per 43 CFR 3110.1(a)(ii).

SURFACE OWNERSHIP FOR PARCELS IN THE STATES OF MONTANA AND NORTH DAKOTA

The Montana State Office Competitive Sale Notices and stipulations are available at the following website:

<http://www.mt.blm.gov/oilgas>

Our Sale Notices now include the following link to a State of Montana website. You can determine from this website the surface ownership for parcels located in Montana that are advertised on our Competitive Sale Notices:

<http://gis.mt.gov/>

At the above website, select **Property Map**. Then click on the County 4 times to get to the screen that identifies the township and range (eg. T005NR051E). Then click on the township and range 2 times to reach the screen that displays the sections and subdivisions. At top of the screen, select the symbol for “**Identify**”. Then click on the legal description you wish to query. An ownership screen will be displayed. You can select **View Detailed CAMA Records** for additional data regarding the ownership, i.e. the owner’s name, taxable value, acreage type classification, etc.

The following website has available, for a fee, real estate records for the majority of the counties in North Dakota-- www.ndrin.com. Go to “**Land Records**” and in the second paragraph, select “**click here**” to see the list of participating counties.

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

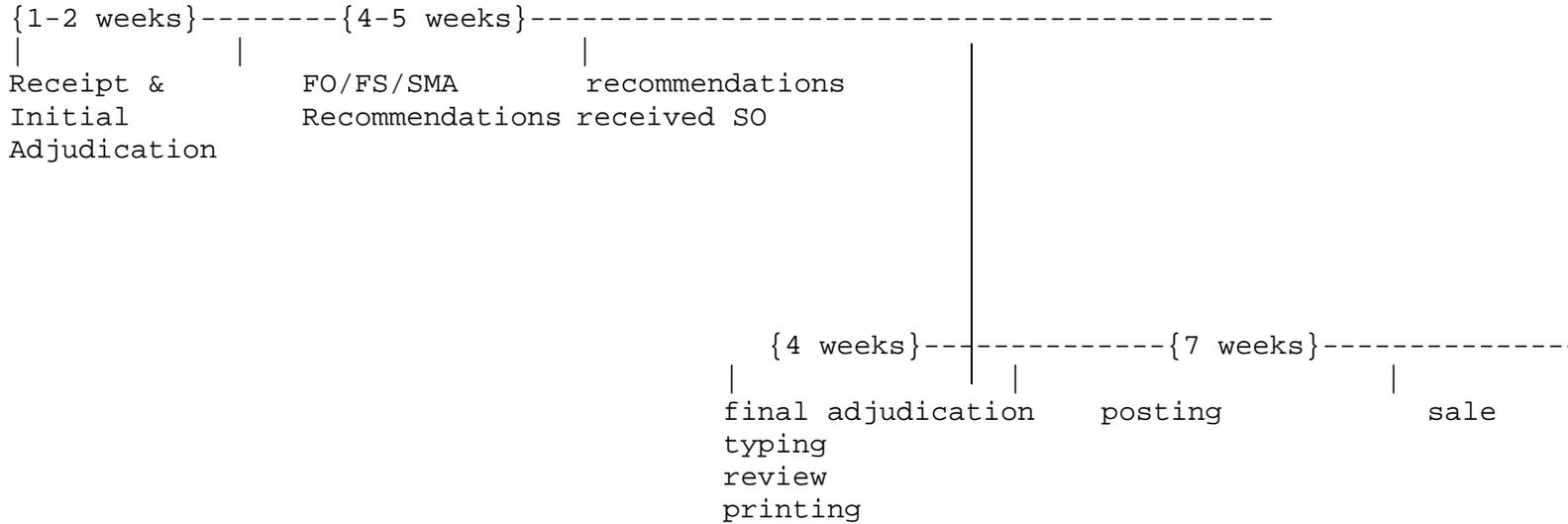
NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)
OR PRESALE OFFERS**



**Total time required to process EOI/Offer
4-5 months {16-18 weeks}**

SMA-Surface Management Agency
 ie: Forest Service, Bureau of Reclamation
 FO-BLM Field Office FS-BLM Field Office
 SO-Montana State Office

ALL LANDS ARE LISTED IN TOWNSHIP AND RANGE ORDER

MONTANA

05-06-01 PD
 T. 4 N, R. 3 E, PMM, MT
 sec. 12 E2,E2W2;
 26 SWSE;
 Gallatin 520.00 AC
 Stipulations: Standard, TES

05-06-02 PD
 T. 5 N, R. 3 E, PMM, MT
 sec. 4 LOTS 1,2,3,4;
 4 SENE,S2SW,SWSE;
 20 W2;
 28 W2W2;
 Broadwater 797.24 AC
 Stipulations: Standard, TES

05-06-03 PD
 T. 6 N, R. 3 E, PMM, MT
 sec. 20 W2SW;
 Broadwater 80.00 AC
 Stipulations: Standard, TES

05-06-04 PD
 T. 3 N, R. 4 E, PMM, MT
 sec. 6 N2,SW,NWSE,S2SE;
 Gallatin 600.00 AC
 Stipulations: Standard, TES

05-06-05 PD
 T. 4 N, R. 4 E, PMM, MT
 sec. 6 NWSE,S2SE;
 8 E2NE,SE;
 10 W2;
 18 LOTS 1,2,3,4;
 18 W2E2,E2W2,SESE;
 20 N2,SW;
 Gallatin 1679.04 AC
 Stipulations: Standard, TES

05-06-06 PD

T. 4 N, R. 4 E, PMM, MT
 sec. 28 E2SE;
 29 LOT 1;
 29 NWNE,NENW;
 30 LOTS 1,2,3,4;
 30 NE,E2NW,SESW,NESE;
 32 LOTS 3,4;
 32 SWNE,NWNW,SWSW,NWSE;
 34 SENW,NESW,S2SW;
 Gallatin 1097.30 AC
 Stipulations: Standard, TES

05-06-07 PD
 T. 4 N, R. 7 E, PMM, MT
 sec. 4 LOTS 1-11 INCL, 15,16;
 4 NWSW,S2SE;
 6 LOTS 1-7 INCL,
 10-15 INCL, 17;
 6 NESW,NWSE;
 8 N2NE,W2NW;

Gallatin 1489.88 AC
 Stipulations: Cultural Resources,
 Standard, TES

05-06-08 PD
Presale Offer: MTM 93699
 T. 4 N, R. 7 E, PMM, MT
 sec. 10 W2;
 T. 5 N, R. 7 E, PMM, MT
 sec. 34 NWNE,NENW,NESW,NWSE;
 Gallatin 480.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

05-06-09 PD
 T. 5 N, R. 7 E, PMM, MT
 sec. 18 SESW,NESE,S2SE;
 20 NWNW;
 28 NE,S2;
 32 E2E2;
 Gallatin 840.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

05-06-10 PD
T. 6 N, R. 17 E, PMM, MT
sec. 2 LOTS 1,2,3,4,6,7,8,
10-14 INCL;
2 N2SW;
Wheatland 622.52 AC
Stipulations: Cultural Resources,
Lease Notice-1, TES, Timing-1

05-06-11 PD
T. 6 N, R. 18 E, PMM, MT
sec. 18 E2NE,N2SE;
Wheatland 160.00 AC
Stipulations: Cultural Resources,
Lease Notice-1, TES, Timing-1

05-06-12 PD
T. 3 N, R. 20 E, PMM, MT
sec. 4 SWNE,S2S2;
10 W2;
12 N2NW,SWNW;
Stillwater 640.00 AC
Stipulations: Cultural Resources,
Lease Notice-1, NSO-1, TES

05-06-13 PD
T. 4 N, R. 20 E, PMM, MT
sec. 30 LOTS 3,4;
30 E2SW,SE;
32 N2;
Stillwater 631.88 AC
Stipulations: Cultural Resources,
Lease Notice-1, TES

05-06-14 PD
T. 3 N, R. 21 E, PMM, MT
sec. 22 SWNE,NWNW,S2NW,SW;
26 ALL;
Stillwater 960.00 AC
Stipulations: Cultural Resources,
Lease Notice-1, TES, Timing-2

05-06-15 PD
T. 35 N, R. 28 E, PMM, MT
sec. 11 SENE,NESE,S2SE;
Phillips 160.00 AC
Stipulations: Cultural Resources,
Standard, TES

05-06-16 PD
T. 37 N, R. 28 E, PMM, MT
sec. 1 LOTS 5,6,7,8;
2 LOTS 5,6,7,8;
3 LOTS 5,6,7,8;
4 LOTS 5,6,7,8;
5 LOTS 5,6,7,8;
6 LOTS 8,9;
Phillips 40.04 AC
Stipulations: Cultural Resources,
IBC, Standard, TES

05-06-17 PD
T. 37 N, R. 29 E, PMM, MT
sec. 4 N 60 FT STRIP LYING
BETWEEN LOT 1 AND
INTL BDY (1.81 AC);
4 N 60 FT STRIP LYING
BETWEEN LOT 2 AND
INTL BDY (1.81 AC);
4 N 60 FT STRIP LYING
BETWEEN LOT 3 AND
INTL BDY (1.81 AC);
4 N 60 FT STRIP LYING
BETWEEN LOT 4 AND
INTL BDY (1.81 AC);
5 N 60 FT STRIP LYING
BETWEEN LOT 1 AND
INTL BDY (1.825 AC);
5 N 60 FT STRIP LYING
BETWEEN LOT 2 AND
INTL BDY (1.825 AC);
5 N 60 FT STRIP LYING
BETWEEN LOT 3 AND
INTL BDY (1.825 AC);
5 N 60 FT STRIP LYING
BETWEEN LOT 4 AND
INTL BDY (1.825 AC);
6 N 60 FT STRIP LYING
BETWEEN LOT 1 AND
INTL BDY (1.81 AC);
6 N 60 FT STRIP LYING
BETWEEN LOT 2 AND
INTL BDY (1.81 AC);
6 N 60 FT STRIP LYING
BETWEEN LOT 3 AND
INTL BDY (1.81 AC);
6 N 60 FT STRIP LYING
BETWEEN LOT 4 AND
INTL BDY (1.71 AC);
Phillips 21.68 AC
Stipulations: Cultural Resources,
IBC, Standard, TES

05-06-18 PD
T. 33 N, R. 56 E, PMM, MT
sec. 19 SENE,NESE;
Sheridan 80.00 AC
Stipulations: Cultural Resources,
TES, Timing-1

NORTH DAKOTA

05-06-19 PD
T. 154 N, R. 92 W, 5TH PM, ND
sec. 22 SESE;
31 LOT 1;
Mountrail 78.85 AC
Stipulations: CSU-1, Cultural
Resources, Standard, TES

05-06-20 ACQ
T. 153 N, R. 94 W, 5TH PM, ND
sec. 8 SWSW;
McKenzie 40.00 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1, 15-Timing-1, 16-CSU-1,
18a

05-06-21 ACQ
T. 153 N, R. 94 W, 5TH PM, ND
sec. 17 NWNW;
McKenzie 40.00 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1, 15-Timing-1, 16-CSU-1,
18a

05-06-22 ACQ
T. 153 N, R. 94 W, 5TH PM, ND
sec. 19 NESE;
McKenzie 40.00 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1, 15-Timing-1, 16-CSU-1,
18a

05-06-23 ACQ
T. 153 N, R. 94 W, 5TH PM, ND
sec. 20 S2SW;
McKenzie 80.00 AC
Stipulations: R1-FS-2820-13d,
15-Timing-1, 18a

05-06-24 ACQ
T. 153 N, R. 94 W, 5TH PM, ND
sec. 29 NENE,SWNE;
McKenzie 80.00 AC
Stipulations: BLM Split Estate-1,
BLM TES, R1-FS-2820-14-NSO-1,
15-Timing-1, 16-CSU-2
Split Estate 1/

05-06-25 ACQ
T. 141 N, R. 95 W, 5TH PM, ND
sec. 10 SWNE,W2NW,SENW,SW;
15 W2NW;
Dunn 400.00 AC
50% U.S. MINERAL INTEREST 2/
Stipulations: CSU-1, Cultural
Resources, Standard, TES

05-06-26 ACQ
T. 157 N, R. 96 W, 5th PM, ND
sec. 30 LOTS 3,4 EXCL 0.11 AC
LYING IN LOT 4;
30 E2SW EXCL 0.21 AC LYING
IN SESW;
Williams 158.90 AC
50% U.S. MINERAL INTEREST 2/
Stipulations: CSU-1, Cultural
Resources, NSO-2, Standard, TES,
Timing-3

05-06-27 ACQ
T. 152 N, R. 97 W, 5TH PM, ND
sec. 4 LOTS 1,2,7,8,9,10;
4 NESW,N2SE,SWSE;
McKenzie 381.88 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1,2, 15-Timing-1, 18a

05-06-28 PD
T. 152 N, R. 97 W, 5th PM, ND
sec. 4 SESE;
McKenzie 40.00 AC
Stipulations: CSU-1, Cultural
Resources, Standard, TES

05-06-29 ACQ
T. 152 N, R. 97 W, 5th PM, ND
sec. 9 & 10 POR NE OF SEC. 9
AND NW OF SEC. 10 NORTH
OF ROAD ROW DESC BY M&B
(95.20 AC) 3/
9 & 10 POR NE OF SEC. 9
AND NW OF SEC. 10 SOUTH
OF ROAD ROW DESC BY M&B
(217.20 AC) 3/
9 SE;
McKenzie 472.40 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1,2,3, 15-Timing-1,
16-CSU-1, 18a

05-06-30 ACQ
T. 152 N, R. 97 W, 5th PM, ND
sec. 15 N2;
McKenzie 320.00 AC
50% U.S. MINERAL INTEREST 2/
Stipulations: R1-FS-2820-13d,
14-NSO-1, 15-Timing-1, 18a

05-06-31 ACQ
T. 152 N, R. 97 W, 5th PM, ND
sec. 15 SE;
22 N2NE,SENE;
McKenzie 280.00 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1, 16-CSU-1, 18a

05-06-32 PD
T. 152 N, R. 99 W, 5th PM, ND
sec. 1 SESE;
3 NESE;
11 SESE;
12 NWNE,SESW;
13 N2NE,NENW,NWSW;
24 NWNE;
McKenzie 400.00 AC
Stipulations: CSU-1, Cultural
Resources, Standard, TES

05-06-33 ACQ
T. 160 N, R. 99 W, 5th PM, ND
sec. 5 NESW,N2SE,SESE;
18 NE;
24 SW;
29 SW;
Divide 640.00 AC
50% U.S. MINERAL INTEREST 2/
Stipulations: CSU-1, Cultural
Resources, NSO-2, Standard, TES,
Timing-3

05-06-34 ACQ
T. 150 N, R. 101 W, 5th PM, ND
sec. 11 S2NE,N2SE;
McKenzie 160.00 AC
50% U.S. MINERAL INTEREST 2/
Stipulations: CSU-1, Cultural
Resources, Standard, TES

05-06-35 ACQ
T. 146 N, R. 103 W, 5th PM, ND
sec. 20 ALL;
30 LOTS 1,2,3,4;
30 E2,E2W2;
32 ALL;
McKenzie 1879.04 AC
Stipulations: BLM Split Estate-2,
BLM TES, R1-FS-2820-13d,
14-NSO-1,2, 15-Timing-1,
16-CSU-1,2, 18a
Split Estate 1/

05-06-36 ACQ
T. 146 N, R. 104 W, 5th PM, ND
sec. 27 E2;
McKenzie 320.00 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1, 16-CSU-1, 18a

05-06-37 PD
T. 150 N, R. 104 W, 5TH PM, ND
sec. 13 NWNW;
McKenzie 40.00 AC
Stipulations: R1-FS-2820-13d,
14-NSO-1, 16-CSU-1, 18a

SOUTH DAKOTA

05-06-38 PD
T. 9 S, R. 1 E, BHM, SD
sec. 13 ALL;
24 ALL;
T. 9 S, R. 2 E, BHM, SD
sec. 18 LOTS 1,2,3,4;
18 N2NE,SWNE,E2W2,W2SE;
19 LOTS 1,2;
19 W2NE,E2NW;
Fall River 1997.70 AC
Stipulations: R2-FS-2820-13,
14-NSO-1, 15-Timing-1, 16-CSU-1,2

05-06-39 PD
T. 11 S, R. 1 E, BHM, SD
sec. 32 W2;
Fall River 320.00 AC
Stipulations: R2-FS-2820-13,
15-Timing-1, 16-CSU-1

STATISTICS

Total Parcels:	39
Total Acreage:	19,068.35
No. of Parcels with Presale Offers	1
Parcel Numbers:	05-06-08
Total Acres with Presale Offers:	480.00

FOOTNOTES

- 1/** All or part of the lands are non-federal surface (split estate) with title to the mineral estate held by the United States. Due to this status, the mineral estate is administered by the Bureau of Land Management (BLM). Permits and approvals will be issued by the authorized BLM Officer. A notice will be attached at lease issuance. This notice will include legal descriptions and information for filing APDs.
- 2/** These parcels have fractional interests. Rentals are payable on total acres; royalties are payable on fractional interest.
- 3/** The exact metes and bounds description will be made a part of any lease issued for these lands.

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use would be subject to the following special operating constraint: No disturbance of riparian areas of wetlands, intermittent, ephemeral, or perennial streams and rivers would be allowed except for essential road and utility crossings.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-19	T. 154 N, R. 92 W, 5 th PM sec. 22 SESE; 31 LOT 1;
05-06-25	T. 141 N, R. 95 W, 5 th PM sec. 10 SWNE, W2NW, SENW, SW; 15 W2NW;
05-06-26	T. 157 N, R. 96 W, 5 th PM sec. 30 LOTS 3,4 EXCL 0.11 AC LYING IN LOT 4; 30 E2SW EXCL 0.21 AC LYING IN SESW;
05-06-28	T. 152 N, R. 97 W, 5 th PM sec. 4 SESE;
05-06-32	T. 152 N, R. 99 W, 5 th PM sec. 1 SESE; 3 NESE; 11 SESE; 12 NWNE, SESW; 13 N2NE, NENW, NWSW; 24 NWNE;
05-06-33	T. 160 N, R. 99 W, 5 th PM sec. 5 NESW, N2SE, SESE; 18 NE; 24 SW; 29 SW;
05-06-34	T. 150 N, R. 101 W, 5 th PM sec. 11 S2NE, NWSE;

For the purpose of:

Protection of riparian habitat (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CSU-1

CULTURAL RESOURCES LEASE STIPULATION

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized or mitigated.

PARCEL NO.

05-06-07, 05-06-08, 05-06-09, 05-06-10, 05-06-11, 05-06-12, 05-06-13,
05-06-14, 05-06-15, 05-06-16, 05-06-17, 05-06-18, 05-06-19, 05-06-25,
05-06-26, 05-06-28, 05-06-32, 05-06-33, 05-06-34

Cultural Resources

**LEASE NOTICE
CULTURAL RESOURCES**

The Surface Management Agency is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Guidance for application of this requirement can be found in NTL-MSO-85-1

This notice would be consistent with the present Montana guidance for cultural resource protection related to oil and gas operations (NTL-MSO-85-1)

PARCEL NO.

05-06-10, 05-06-11, 05-06-12, 05-06-13, 05-06-14

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within riparian areas, 100-year flood plains of major rivers, and on water bodies and streams.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-12	T. 3 N, R. 20 E, PMM sec. 4 SWNE,S2S2;

For the purpose of:

To protect the unique biological and hydrological features associated with riparian areas, 100-year flood plains of major rivers, and water bodies and streams.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy (NSO) or use would be allowed within 200 feet of wetlands, lakes, and ponds on the lands described below (legal subdivision or other description).

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-26	T. 157 N, R. 96 W, 5 th PM sec. 30 LOTS 3,4 EXCL 0.11 AC LYING IN LOT 4; 30 E2SW EXCL 0.21 AC LYING IN SESW;
05-06-33	T. 160 N, R. 99 W, 5 th PM sec. 5 NESW,N2SE,SESE; 18 NE; 24 SW; 29 SW;

For the purpose of:

Protection of wetlands (NDRMP - p. 20)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

**NOTICE FOR SPLIT ESTATE LANDS UNDER THE JURISDICTION
OF THE BUREAU OF LAND MANAGEMENT**

SPLIT ESTATE LANDS: The lands included in this lease are split estate. Title to the mineral estate is held by the United States and the surface is non-federal ownership. Due to this status the mineral estate is administered by the BLM even though these lands are within a U.S. Forest Service withdrawal.

For split estate lands, BLM places necessary lease stipulations and conditions of approval on permitted activities and works in cooperation with the surface owner.

SURFACE MANAGEMENT OF NON-FEDERAL SURFACE LANDS: The BLM has the statutory authority to require lease stipulations and conditions of approval for activities of its lessees to minimize adverse impacts that may result from Federally-authorized mineral lease activities. These stipulations and conditions of approval are intended to comply with the BLM's responsibilities under the Endangered Species Act, the National Historic Preservation Act, and the National Environmental Policy Act and to protect or preserve the privately-owned resources while preventing adverse impacts to adjoining lands, not to dictate management to the surface owner.

APPLICATIONS FOR PERMIT TO DRILL (APDs): The following BLM office is responsible for the receipt, processing, and approval of APDs. This office is located at:

North Dakota Field Office
2933 Third Avenue West
Dickinson, North Dakota 58601-2619

The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 - Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations of federal oil and gas leases can be found in the Code of Federal regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM office listed above. Early coordination with this office on proposals is encouraged.

PARCEL NO.

05-06-24

BLM SPLIT ESTATE-1

**NOTICE FOR LANDS UNDER THE JURISDICTION OF THE
FOREST SERVICE AND BUREAU OF LAND MANAGEMENT**

SPLIT ESTATE LANDS: The lands included in this lease are managed by the Forest Service (FS) and the Bureau of Land Management (BLM). The lands managed by each agency are identified below.

MANAGEMENT OF NON-FEDERAL SURFACE LANDS:

BLM places necessary lease stipulations and conditions of approval on permitted activities and works in cooperation with the surface owner. The BLM has the statutory authority to require lease stipulations and conditions of approval for activities of its lessees to minimize adverse impacts that may result from Federally-authorized mineral lease activities. These stipulations and conditions of approval are intended to comply with the BLM's responsibilities under the Endangered Species Act, the National Historic Preservation Act, and the National Environmental Policy Act and to protect or preserve the privately-owned resources while preventing adverse impacts to adjoining lands, not to dictate management to the surface owner.

APPLICATIONS FOR PERMIT TO DRILL (APDs):

The BLM Office is responsible for the receipt, processing, and approval of APDs. This office is located at:

North Dakota Field Office
2933 Third Avenue West
Dickinson, North Dakota 58601-2619

The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 - Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations on federal oil and gas leases can be found in the Code of Federal regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM office listed above. Early coordination with this office on proposals is encouraged

BLM JURISDICTION

FOREST SERVICE JURISDICTION

PARCEL NO.

05-06-35

T. 146 N, R. 103 W, 5th PM
sec. 30 LOTS 1,2,3,4;
30 E2,E2W2;
32 ALL;

T. 146 N, R. 103 W, 5th PM
sec. 20 ALL;

BLM SPLIT ESTATE-2

OIL AND GAS LEASE STIPULATIONS

ESTHETICS--To maintain esthetic values, all surface-disturbing activities, semipermanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal Surface Managing Agency (SMA).

EROSION CONTROL--Surface-disturbing activities may be prohibited during muddy and/or wet soil periods.

CONTROLLED OR LIMITED SURFACE USE STIPULATION --This stipulation may be modified, consistent with land use documents, when specifically approved in writing by the Bureau of Land Management (BLM) with concurrence of the SMA. Distances and/or time periods may be made less restrictive depending on the actual onground conditions. The prospective lessee should contact the SMA for more specific locations and information regarding the restrictive nature of this stipulation.

The lessee/operator is given notice that the lands within this lease may include special areas and that such areas may contain special values, may be needed for special purposes, or may require special attention to prevent damage to surface and/or other resources. Possible special areas are identified below. Any surface use or occupancy within such special areas will be strictly controlled, or **if absolutely necessary**, excluded. Use or occupancy will be restricted only when the BLM and/or the SMA demonstrates the restriction necessary for the protection of such special areas and existing or planned uses. Appropriate modifications to imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the SMA has been advised of specific proposed surface use or occupancy on the leased lands, and on request of the lessee/operator, the Agency will furnish further data on any special areas which may include:

100 feet from the edge of the rights-of-way from highways, designated county roads and appropriate federally-owned or controlled roads and recreation trails.

500 feet, or when necessary, within the 25-year flood plain from reservoirs, lakes, and ponds and intermittent, ephemeral or small perennial streams: 1,000 feet, or when necessary, within the 100-year flood plain from larger perennial streams, rivers, and domestic water supplies.

500 feet from grouse strutting grounds. Special care to avoid nesting areas associated with strutting grounds will be necessary during the period from March 1, to June 30. One-fourth mile from identified essential habitat of state and federal sensitive species. Crucial wildlife winter ranges during the period from December 1 to May 15, and in elk calving areas during the period from May 1 to June 30.

300 feet from occupied buildings, developed recreational areas, undeveloped recreational areas receiving concentrated public use and sites eligible for or designated as National Register sites.

Seasonal road closures, roads for special uses, specified roads during heavy traffic periods and on areas having restrictive off-road vehicle designations.

On slopes over 30 percent or 20 percent on extremely erodable or slumping soils.

Standard (May 2001)

See Notice on Back

PARCEL NO.

05-06-01, 05-06-02, 05-06-03, 05-06-04, 05-06-05, 05-06-06, 05-06-07, 05-06-08, 05-06-09, 05-06-15, 05-06-16, 05-06-17, 05-06-19, 05-06-25, 05-06-26, 05-06-28, 05-06-32, 05-06-33, 05-06-34

NOTICE

APPLICATIONS FOR PERMIT TO DRILL (APDs)--The appropriate BLM field offices are responsible for the receipt, processing, and approval of APDs. The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 -- Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations can be found in the Code of Federal Regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM field offices in which the operations are proposed. Early coordination with these offices on proposals is encouraged.

CULTURAL AND PALEONTOLOGICAL RESOURCES--The SMA is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the SMA, shall:

1. Contact the appropriate SMA to determine if a site-specific cultural resource inventory is required. If an inventory is required, then:
2. Engage the services of a cultural resource specialist acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease-related activities or other protective measures such as testing salvage and recordation. Where impacts to cultural resources cannot be mitigated to the satisfaction of the SMA, surface occupancy on that area must be prohibited.

The operator shall immediately bring to the attention of the SMA any cultural or paleontological resources discovered as a result of approved operations under this lease, and not disturb such discoveries until directed to proceed by the SMA.

ENDANGERED OR THREATENED SPECIES--The SMA is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species, listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the authorized officer of the SMA that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the SMA. An acceptable report must be provided to the SMA identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

Endangered Species Act Section 7 Consultation Stipulation

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. § 1531 et seq., including completion of any required procedure for conference or consultation.

PARCEL NO.

05-06-01, 05-06-02, 05-06-03, 05-06-04, 05-06-05, 05-06-06, 05-06-07,
05-06-08, 05-06-09, 05-06-10, 05-06-11, 05-06-12, 05-06-13, 05-06-14,
05-06-15, 05-06-16, 05-06-17, 05-06-18, 05-06-19, 05-06-24, 05-06-25,
05-06-26, 05-06-28, 05-06-32, 05-06-33, 05-06-34, 05-06-35

TES (BLM)

TIMING LIMITATION STIPULATION

Surface use is prohibited from December 1 to March 31 within crucial winter range for wildlife. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-10	T. 6 N, R. 17 E, PMM sec. 2 LOTS 3,4;
05-06-11	T. 6 N, R. 18 E, PMM sec. 18 E2NE,N2SE;
05-06-18	T. 33 N, R. 56 E, PMM sec. 19 SENE,NESE;

For the purpose of (reasons):

To protect crucial white-tailed deer, mule deer, elk, antelope, moose, bighorn sheep, and sage grouse winter range from disturbance during the winter use season, and to facilitate long-term maintenance of wildlife populations.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING-1

TIMING LIMITATION STIPULATION

Surface use is prohibited from March 1, to June 15 in grouse nesting habitat within 2 miles of a lek. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-14	T. 3 N, R. 21 E, PMM sec. 22 SWNE; 26 ALL;

For the purpose of (reasons):

To protect sharp-tail and sage grouse nesting habitat from disturbance during spring and early summer in order to maximize annual production of your and to protect nesting activities adjacent to nesting sites for the long-term maintenance of grouse populations in the area.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING-2

TIMING LIMITATION STIPULATION

Surface occupancy or use would be subject to the following special operating constraint: No seismic exploration would be allowed within 500 feet of waterfowl nesting habitat during the following time period(s): between March 1 and July 1.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-26	T. 157 N, R. 96 W, 5 th PM sec. 30 LOTS 3,4 EXCL 0.11 AC LYING IN LOT 4; 30 E2SW EXCL 0.21 AC LYING IN SESW;
05-06-33	T. 160 N, R. 99 W, 5 th PM sec. 5 NESW,N2SE,SESE; 18 NE; 24 SW; 29 SW;

For the purpose of (reasons):

Protection of nesting waterfowl (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING-3

SPECIAL STIPULATION

United States - Canada International Boundary

Exploration and production operations within the International Boundary Reservation, which is a 60-foot strip along the United States - Canada border, are subject to the following provisions:

- (a) The international boundary markers shall not be disturbed;
- (b) The boundary vistas shall not be obstructed permanently, or for any lesser period of time not previously approved in writing by the International Boundary Commission, within a width of three (3) meters of the boundary line; and
- (c) The International Boundary Commission at all times will be left free to discharge its responsibilities under the Convention of 1908, the Treaty of 1925, and any other applicable legal authority without added expense and without undue interference or delay.

PARCEL NO.

05-06-16, 05-06-17

IBC (09/98)

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

District Ranger, McKenzie Ranger District
Dakota Prairie Grasslands
1901 South Main Street
Watford City, ND 58854

who is the authorized representative of the Secretary of Agriculture.

CULTURAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures, in accordance with the Archaeological Resources Protection Act of 1979, the National Historic Preservation Act of 1966 (as amended), and the American Indian Religious Freedom Act of 1996. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

Vertebrate Paleontology Notice - The FS is responsible for assuring that the leased lands are examined to determine if paleontological resources are present and to specify mitigation measures, in accordance with Organic Act, and the National Forest Management Act of 1976

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the Forest Service, shall:

1. Contact the Forest Service to determine if a site-specific vertebrate paleontologic inventory is required. The Forest Service will conduct inventories and surveys as part of the field review for the proposed activity on the lease. The operator may voluntarily engage the services of a qualified paleontologist to conduct the inventory.
2. Implement mitigation measures required by the Forest Service and Bureau of land management to preserve or avoid destruction of vertebrate paleontologic resources. Mitigation may include relocation of proposed facilities or other protective measures.
3. The lessee or operator shall immediately bring to the attention of the Forest Service any vertebrate paleontologic resources discovered as a result of surface operation under this lease, and shall leave such discoveries intact until directed to proceed by the Forest Service.

FLOODPLAIN AND WETLANDS - The lessee is hereby notified that this lease may contain land within a riparian ecosystem. All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Riparian ecosystems will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within riparian ecosystems proposed in a proposed Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

PARCEL NO.

05-06-20, 05-06-21, 05-06-22, 05-06-23, 05-06-27, 05-06-29, 05-06-30,
05-06-31, 05-06-35, 05-06-36, 05-06-37

USDA Forest Service

McKenzie Ranger District
R1-FS-2820-13d

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal sub-division or other description).

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-20	T. 153 N, R. 94 W, 5 th PM sec. 8 Portions of SWSW;
05-06-21	T. 153 N, R. 94 W, 5 th PM sec. 17 Portions of NWNW;
05-06-22	T. 153 N, R. 94 W, 5 th PM sec. 19 Portions of NESE;
05-06-24	T. 153 N, R. 94 W, 5 th PM sec. 29 Portions of NENE;
05-06-27	T. 152 N, R. 97 W, 5 th PM sec. 4 Portions of SWSE;
05-06-29	T. 152 N, R. 97 W, 5 th PM sec. 9 Portions of NE, N2SE, SWSE; 10 Portions of W2NW;
05-06-30	T. 152 N, R. 97 W, 5 th PM sec. 15 Portions of NENE, S2NE, NENW;
05-06-31	T. 152 N, R. 97 W, 5 th PM sec. 15 Portions of E2SE; 22 Portions of SENE;
05-06-35	T. 146 N, R. 103 W, 5 th PM sec. 20 Portions of E2, SENW, E2SW; 30 Portions of Lots 2, 3, 4, NENE, NENW, SESW, SE; 32 Portions of N2, NESW, W2SW, W2SE, SESE;
05-06-36	T. 146 N, R. 104 W, 5 th PM sec. 27 Portions of E2E2, NWSE;
05-06-37	T. 150 N, R. 104 W, 5 th PM sec. 13 Portions of NWNW;

For the purpose of:

Surface occupancy and use is prohibited on slopes greater than 40 percent to protect soil resources from loss of productivity, prevent erosion on steep slopes, soil mass movement, and resultant sedimentation. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Soils, number 6, and Appendix D-3.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal sub-division or other description).

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-27	T. 152 N, R. 97 W, 5 th PM sec. 4 SWSE; portions of NESW, N2SE;
05-06-29	T. 152 N, R. 97 W, 5 th PM sec. 9 NWNE; portions of NENE, S2NE, NWSE;
05-06-35	T. 146 N, R. 103 W, 5 th PM sec. 20 W2NW; portions of E2NW, N2SW

For the purpose of:

No surface occupancy or use is allowed within 0.5 mile (line of sight) of golden eagle, merlin, and ferruginous hawk nests; to prevent reduced reproductive success and adverse habitat loss. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 55, and Appendix D-11.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below (legal sub-division or other description).

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-29	T. 152 N, R. 97 W, 5 th PM sec. 9 SENE; portions of N2NE, SWNE, NESE; 10 Portions of W2NW;

For the purpose of:

No surface occupancy or use is allowed within 0.25 mile (line of sight) of a sharp-tailed grouse and sage grouse display ground to prevent abandonment of display grounds, reduced reproductive success, and adverse habitat loss. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 13, and Appendix D-14.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation applies to drilling, testing, new construction projects, and does not apply operation and maintenance of production facilities.

March 1 - June 15

Within 1 mile (line of sight) of active sharp-tailed grouse display grounds on the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-20	T. 153 N, R. 94 W, 5 th PM sec. 8 SWSW;
05-06-21	T. 153 N, R. 94 W, 5 th PM sec. 17 NWNW;
05-06-22	T. 153 N, R. 94 W, 5 th PM sec. 19 Portions of NESE;
05-06-23	T. 153 N, R. 94 W, 5 th PM sec. 20 SESW; portions of SWSW;
05-06-24	T. 153 N, R. 94 W, 5 th PM sec. 29 NENE;
05-06-27	T. 152 N, R. 97 W, 5 th PM sec. 4 NESW, N2SE, SWSE; portions of Lots 9, 10;
05-06-29	T. 152 N, R. 97 W, 5 th PM sec. 9 SE; portions of N2NE, SWNE; 10 E2NW; portions of W2NW;
05-06-30	T. 152 N, R. 97 W, 5 th PM sec. 15 Portions of NWNE, N2NW;
05-06-35	T. 146 N, R. 103W, 5 th PM sec. 20 Portions of N2NW;

For the purpose of:

To prevent abandonment of display grounds and reduced reproductive success. Refer to the Land and Resource Management Plan Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 15 and Appendix D-5.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Try to locate activities and facilities away from the water's edge and outside the riparian areas, woody draws, wetlands, and floodplains. If necessary to locate facilities in these areas, then:

- Deposit no waste material (silt, sand, gravel, soil, slash, debris, chemical or other material) below high water lines, in riparian areas, in the areas immediately adjacent to riparian areas or in natural drainage ways (draws, land surface depressions or other areas where overland flow concentrates and flows directly into streams or lakes).
- Deposit no soil material in natural drainage ways.
- Locate the lower edge of disturbed or deposited soil banks outside the active floodplain.
- Stockpile no topsoil or any other disturbed soil in the active floodplain.
- Locate drilling mud pits outside riparian areas, wetlands and floodplains. If location is unavoidable in these areas, seal and dike all pits to prevent leakage or use containerized mud systems.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-20	T. 153 N, R. 94 W, 5 th PM sec. 8 Portions of SWSW;
05-06-21	T. 153 N, R. 94 W, 5 th PM sec. 17 Portions of NWNW;
05-06-22	T. 153 N, R. 94 W, 5 th PM sec. 19 Portions of NESE;
05-06-29	T. 152 N, R. 97 W, 5 th PM sec. 9 Portions of N2NE, SWNE; 10 Portions of NWNW;
05-06-31	T. 152 N, R. 97 W, 5 th PM sec. 22 Portions of NWNE, SENE;
05-06-35	T. 146 N, R. 103 W, 5 th PM sec. 30 Portions of Lot 2, NENE, E2SW, N2SE; 32 Portions of W2NE, N2NW, SENW, SWSW, NWSE, S2SE;
05-06-36	T. 146 N, R. 104 W, 5 th PM sec. 27 Portions of NWNE, S2NE, NWSE;
05-06-37	T. 150 N, R. 104 W, 5 th PM sec. 13 Portions of NWNW;

For the purpose of:

To protect the biological and hydrologic features of riparian areas, woody draws, wetlands, and floodplains. Refer to the Land and Resource Management Plan Grassland-wide Direction, Water, number 6 and Appendix D-2

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified by the contrary by the BLM, shall:

1. Contact the BLM to determine if a site-specific vertebrate paleontological inventory is required. If it is required, the operator must engage the services of a qualified paleontologist, acceptable to the BLM, to conduct the inventory. An acceptable inventory report is to be submitted to the BLM for review and approval at the time a surface-disturbing plan of operation is submitted.
2. Implement mitigation measures required by the BLM to preserve, avoid, or recover vertebrate paleontological resources. Mitigation may include relocation of proposed facilities or other protective measures. All costs associated with the inventory and mitigation will be borne by the lessee or operator.
3. The lessee or operator shall immediately bring to the attention of the BLM any vertebrate paleontological resources discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the BLM.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-24	T. 153 N, R. 94 W, 5 th PM sec. 29 NENE, SWNE;
05-06-35	T. 146 N, R. 103 W, 5 th PM sec. 30 LOTS 1, 2, 3, 4, E2, E2W2; 32 ALL;

For the purpose of:

To protect key paleontological resources from disturbance, or mitigate the effects of disturbance to conserve scientific and interpretive values, and the interests of the surface owner.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

**USDA - FOREST SERVICE
THREATENED, ENDANGERED, AND SENSITIVE
PLANT OR ANIMAL SPECIES LEASE NOTICE**

The lease area may contain threatened and endangered species or habitat necessary for the continued existence of threatened, proposed, candidate or endangered species which are protected by the 1973 Endangered Species Act, as amended (16 USC 1531 et seq.) and implementing regulations (50 CFR 402 et seq.). The lease area may also contain habitat or species, which may require protective measures to prevent them from being listed as threatened or endangered; or result in a loss of viability or biological diversity (36 CFR 219.19 or 219.26). A biological evaluation of the leased lands may be required prior to surface disturbance to determine if endangered, threatened, proposed, candidate or sensitive plant or animal species or their habitat are present and to identify needed mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator shall:

1. Contact the Forest Service to determine if a biological evaluation is required. The Forest Service is responsible for ensuring that the leased land is examined through a biological evaluation, prior to undertaking any surface-disturbing activities, to determine effects upon any plant or animal species listed or proposed for listing as threatened, endangered, or a sensitive species-

2. The lessee or operator may choose to conduct the evaluation on the leased lands at their discretion and cost. This biological evaluation must be done by or under the supervision of a qualified biologist/botanist approved by the Forest Service. An acceptable report must be provided to the Forest Service identifying the anticipated effects of a proposed action on endangered, threatened, proposed, candidate or sensitive species. An acceptable biological evaluation is to be submitted to the Forest Service for review and approval no later than that time when an otherwise complete application for permit to drill or subsequent surface-disturbing operation is submitted.

3. Implement mitigation measures required by the Forest Service. Mitigation may include the relocation of proposed lease-related activities or other protective measures. The findings of the biological evaluation, analysis and consultation may result in restrictions to the operator's plans or even disallow use and occupancy to comply with the 1973 Endangered Species Act (as amended), threatened and endangered species regulations and Forest Service statutes and regulations.

If endangered, threatened, proposed, candidate or sensitive plant or animal species are discovered in the area after any required biological evaluation has concluded, an evaluation will be conducted to assess the effect of ongoing and proposed activities. Based on the conclusion drawn in the evaluation, additional restrictions or prohibitions may be imposed to protect the species or their habitats.

PARCEL NO.

05-06-20, 05-06-21, 05-06-22, 05-06-23, 05-06-27, 05-06-29, 05-06-30, 05-06-31,
05-06-35, 05-06-36, 05-06-37

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operation plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

District Ranger, Fall River Ranger District
Buffalo Gap National Grassland
PO Box 732, 1801 Hwy 18 Truck Bypass
Hot Springs, SD 57747-0732
(605) 745-4107

who is the authorized representative of the Secretary of Agriculture.

NOTICE

CULTURAL AND PALEONTOLOGICAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

ENDANGERED OR THREATENED SPECIES - The FS is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the FS that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resource specialist approved by the FS. An acceptable report must be provided to the FS identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

PARCEL NO.

05-06-38, 05-06-39

NO SURFACE OCCUPANCY STIPULATION
Slopes > 40%

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

Surface occupancy and use is prohibited on slopes greater than 40 percent.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-38	T. 9 S, R. 1 E, BHM sec. 13 NESW, S2SE; 24 E2NE; T. 9 S, R. 2 E, BHM sec. 18 Lots 1,2,3,4, NENE, SWNE, E2NW, SESW, SWSE; 19 Lots 1,2, W2NE, E2NW;

For the purpose of:

To protect soil resources from loss of productivity, prevent erosion on steep slopes, soil mass movement, and resultant sedimentation.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820).

TIMING LIMITATION STIPULATION
Sharp-tailed Grouse Display Grounds

No surface use is allowed during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

Surface use is prohibited from March 1 through June 15 within 1 mile (line of sight) of a sharp-tailed grouse display ground.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-38	T. 9 S, R. 1 E, BHM sec. 13 N2NE, SENE; T. 9 S, R. 2 E, BHM sec. 18 Lots 1,2,3, N2NE, SWNE, E2NW, NESW, NWSE;
05-06-39	T. 11 S, R. 1 E, BHM sec. 32 W2;

For the purpose of:

To prevent abandonment of display grounds and reduced reproductive success.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
Fossils

Surface Occupancy or use is subject to the following special operating constraints.

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the Forest Service, shall:

Contact the Forest Service to determine if a site-specific vertebrate paleontological inventory is required. The Forest Service will conduct inventories and surveys as part of the field review for the proposed activity on the lease. The operator may voluntarily engage the services of a qualified paleontologist to conduct the inventory.

Implement mitigation measures required by the Forest Service and Bureau of Land Management to preserve or avoid destruction of vertebrate paleontological resources. Mitigation may include relocation of proposed facilities or other protective measures.

The lessee or operator shall bring to the attention of the Forest Service any vertebrate paleontologic resources discovered as a result of surface operation under this lease, and shall leave such discoveries intact until directed to proceed by the Forest Service.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-38	T. 9 S, R. 1 E, BHM sec. 13 ALL; 24 ALL; T. 9 S, R. 2 E, BHM sec. 18 LOTS 1,2,3,4; 18 N2NE,SWNE,E2W2,W2SE; 19 LOTS 1,2; 19 W2NE,E2NW;
05-06-39	T. 11 S, R. 1 E, BHM sec. 32 W2;

For the purpose of:

To protect fossils and immediate environment of the site, including inherent scientific, natural historic, interpretive, educational, and recreational values for the area potentially impacted

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
Moderate Scenic Integrity Objective (SIO) Area

Surface Occupancy or use is subject to the following special operating constraints.

Surface occupancy and use is subject to operational constraints to maintain a landscape character that is no more than slightly altered. Noticeable deviations must remain visually subordinate to the landscape character being viewed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LEGAL DESCRIPTION</u>
05-06-38	T. 9 S, R. 1 E, BHM sec. 13 ALL; 24 ALL; T. 9 S, R. 2 E, BHM sec. 18 LOTS 1,2,3,4; 18 N2NE,SWNE,E2W2,W2SE; 19 LOTS 1,2; 19 W2NE,E2NW;

For the purpose of:

To maintain the scenic integrity objective (SIO) for areas identified as moderate.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)